

Message Text

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ACTION AGRE-00

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07
FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06 SP-02
CIEP-02 LAB-04 SIL-01 OMB-01 USIE-00 SSO-00 NSCE-00
NSC-05 PA-02 PRS-01 INRE-00 /058 W
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FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC IMMEDIATE 6679

UNCLAS SINGAPORE 5465

DEPT PASS USDA IMMEDIATE

FOR: NOVOTNY FAS/GRAIN FEED/ FCA FOR SCHATZ

E.O. 11652: N/A

TAGS: EAG, BM, TH

SUBJECT: RICE SITUATION

1. BURMA

1976 PRODUCTION OF 9.9 MILLION TONS PADDY STILL TARGETED AND QUITE LIKELY. GIVEN ABSENCE OF THE USUAL FLOOD DAMAGE TO CORP. EXPORTABLE SURPLUS FROM THE CORP IS PUT AT ABOUT 800,000 TONS BUT MY EXPORTS ARE ESTIMATED AT ONLY ABOUT 600,000 TONS. EVEN THIS AMOUNT MAY BE DIFFICULT GIVEN LESS FAVORABLE ENTRY CONDITIONS OF BROKEN RICE TO THE EEC (A MAJOR MARKET THIS PAST YEAR) AND REPORTED INTERNAL TRANSPORTATION BREAKDOWNS.

2. OFFICIAL PLAN CALLS FOR INCREASING VOLUME OF RICE EXPORTS, MADE POSSIBLE BY PRODUCTION INCREASES BROUGHT ABOUT BY INCREASED YIELDS, BUT MOST OBSERVERS FEEL THAT UNLESS MAJOR CHANGES IN PRODUCTION, MILLING, AND HANDLING OCCUR, BURMA WILL LIKELY CEASE TO EXPORT RICE IN NEXT FIVE YEARS.

3. SALES TO VIETNAM LAST YEAR ARE REPORTED AT 100,000 TONS, 150,000 TONS AND FINALLY 200,000 TONS BY SOME GOB
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OFFICIALS. THE SOURCE OF THE UPPER FIGURE REPORTS 150,000

TONS ALREADY SHIPPED AGAINST THE SALE (OFFICIAL TRADE SOURCE AVAILABLE FAS/WASH SHOULD HELP TO PIN DOWN THE AMOUNT).

4. PRESSURE HAS BEUILT TO THE POINT WHERE GOVERNMENT POLICIES ARE LIKELY TO PUT EVEN GREATER EMPHASIS ON AGRICULTURE. FINANCING HAS ALREADY BEEN OBTAINED AND CONSTRUCTION BEGAN FOR SEVERAL MAJOR FLOOD CONTROL PROJECTS IN THE MAJOR DELTA RICE AREA. TRANSPORTATION HAS BECOME SUCH A SERIOUS PROBLEM IN MOVING RICE FROM THE COUNTRY-SIDE TO EXPORT POINTS THAT THE BOARD OF TRADE AND THE STATE-OWNED EXPORT CORPORATION HAVE UNDERTAKEN PROJECTS TO BUILD THEIR OWN STORAGE FACILITIES IN THE COUNTRYSIDE COLLECTION AREAS, IMPROVE AND INCREASE THEIR MILLING QUALITY AND QUANTITY (ASSISTED IN PART BY A NEW GOVERNMENT POLICY UNDER WHICH PRIVATE MILLERS MAY PURCHASE MATERIALS FROM THE GOVERNMENT TO UPGRADE AND REPAIR THEIR MILLS WITH NO FEAR OF NATIONALIZATION OF THEIR HOLDINGS), AND AQUIRE THEIR OWN VEHICLES FOR TRANSPORTING RICE TO THEIR MILLS AND EXPORT FACILITIES.

5. THAILAND

1976 RICE CROP COULD TURN OUT TO BE A NEW RECORD. MAIN CROP BEING HARVESTED NOW CURRENTLY ESTIMATED AT 13.5 MILLION TONS. OFFICIALS, HOWEVER, ARE OPTIMISTIC THAT ESTIMATE SOON TO BE RAISED TO 14.0 MILLION TONS. TRADE OPTIMISTIC THAT WITH GOOD WEATHER, SPRING HARVESTED CROP MAY REACH 1.5 MILLION TONS. 1976 TOTAL PRODUCTION ESTIMATED OF 15.0 MILLION TONS STANDS AT PRESENT.

6. 1976 CY EXPORTS NOW OFFICIALLY FORCAST AT 1.8 MILLION TONS, WITH STOCKS BEING ADJUSTED LOWER. 1977 CY EXPORTS TARGETED AT 1.1 MILLION TONS, WITH 450,000 SCHEDULED TO MOVE DEC-FEB. (FIRST QUARTER OF THEIR RICE MARKETING YEAR).

7. WHILE STOCK LEVELS ARE DEPLETED, THERE HAS ALREADY BEEN TALK OF EXPORTS OF 1.4 TO 1.5 MILLION TONS IN 1977. INDONESIA WOULD AGAIN BE THEIR MAJOR OUTLET. OFFICIALS LEAVE FOR INDONESIA JUST AFTER OUR STOP THERE FOR DISCUSSIONS ON UNCLASSIFIED

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1977 SALES AGREEMENTS.

8. TRADE IN BANGKOK NOT LOOKING FOR DECREASED PRC EXPORTS IN 1977 AND THINKING MORE IN TERMS OF INCREASED LEVEL DUE TO RICE/WHEAT PRICE SPREAD.

9. NEWSPAPER REPORTED POSSIBILITY OF DEFAULT ON CORN EXPORT COMMITMENTS TO TAIWAN AND JAPAN. EXPORTERS ARE

COMPLAINING THAT CONTRACT PRICES WHICH WOULD BE SET AT
CHICAGO PRICE FOR DELIVERY PERIOD WILL CAUSE THEM TO
LOSE SOME \$10.00 PER TON. NO DECISION HAS YET BEEN
REACHED BY GOVERNMENT ON ALLOWING THE DEFAULTS.
HOLDRIDGE

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